

GKN Powder Metallurgy SBTi disclosures

August 2024

Science Based Targets

The Science Based Targets initiative (SBTi) has approved GKN Powder Metallurgy's near-term and long-term greenhouse gas emissions reduction targets and has also verified GKN Powder Metallurgy's commitment to reach net-zero greenhouse gas emissions across the value chain by 2050.

GKN Powder Metallurgy commits to reduce absolute scope 1 and 2 GHG emissions by 42% by 2030, from a 2022 base year. GKN Powder Metallurgy also commits to reduce absolute scope 3 GHG emissions from fuel- and energy-related activities, upstream transportation and distribution, downstream transportation and distribution, and processing of sold products 25% within the same timeframe.

GKN Powder Metallurgy also commits to reduce absolute scope 1 and 2 GHG emissions 90% by 2050 from a 2022 base year, and absolute scope 3 GHG emissions 90% within the same timeframe.

These near-term and long-term ambitions provide a critical foundation for us to achieve our commitment of reaching net-zero greenhouse gas emissions across our value chain by 2050.

GHG emissions reporting

The full breakdown of GKN Powder Metallurgy's GHG inventory for base year 2022 is provided below. The base year provides a reference point against which emissions reduction can be measured. FY 2022 represents the first year that a full GHG inventory across all scope 3 categories was completed as well as a full assessment of Market-based scope 2 emissions against which the target has been set and will be tracked.

Energy consumption and emissions data is reported in accordance with the reporting requirements of the Greenhouse Gas Protocol (GHG Protocol), Revised Edition and the Environmental Reporting Guidelines. The GHG Protocol standard covers the accounting and reporting of seven Greenhouse gases covered by the Kyoto Protocol.

Emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2023 (the Department for Environment, Food and Rural Affairs ("DEFRA") factors) have been used to calculate Scope 1 emissions. Scope 2 emissions associated with the GHG Protocol "Location-Based" method have been calculated using International Energy Agency ("IEA") country-specific emission factors. Scope 2 emissions associated with the GHG Protocol "Market-Based" method have been calculated using residual mix emission factors from Association of Issuing Bodies 2022 (AIB) where applicable. In the absence of residual mix emission factor availability, International Energy Agency ("IEA") country specific emissions factors have been used in line with the GHG Protocol guidance. If sites generate their own renewable electricity or purchase electricity backed by contractual instruments (such as Renewable Energy Guarantee Origin), this has been taken into consideration within the calculations.

Baseline Year: FY 2022 (to 31 December)

EMISSIONS	TOTAL (tCO2e)	
Scope 1	85,263	
Scope 2 (Location-based)	215,192	
Scope 2 (Market-based)	231,750	
Scope 3 (Included Sources)	Cat 1: Purchased Goods & Services	138,198
	Cat 2: Capital Goods	14,680
	Cat 3: Fuel & energy related activities	59,516
	Cat 4: Upstream Transportation and Distribution	24,871
	Cat 5: Waste generated in operations	3,023
	Cat 6: Business Travel	1,976
	Cat 7: Employee Commuting	6,940
	Cat 8: Upstream leased assets	n/a
	Cat 9: Downstream transportation and distribution	13,555
	Cat 10: Processing of sold products	296,000
	Cat 11: Use of sold products	n/a
	Cat 12: End-of-life treatment of sold products	n/a
	Cat 13: Downstream leased assets	n/a
	Cat 14: Franchises	n/a
	Cat 15: Investments	375
Total Emissions*	876,148	

Reporting Year: FY 2023 (to 31 December)

EMISSIONS	TOTAL (tCO2e)	
Scope 1	84,762	
Scope 2 (Location-based)	217,654	
Scope 2 (Market-based)	228,509	
Scope 3 (Included Sources)	Cat 1: Purchased Goods & Services	138,954
	Cat 2: Capital Goods	12,061
	Cat 3: Fuel & energy related activities	58,849
	Cat 4: Upstream Transportation and Distribution	17,267
	Cat 5: Waste generated in operations	2,900
	Cat 6: Business Travel	2,506
	Cat 7: Employee Commuting	6,872
	Cat 8: Upstream leased assets	n/a
	Cat 9: Downstream transportation and distribution	11,353

	Cat 10: Processing of sold products	274,290
	Cat 11: Use of sold products	n/a
	Cat 12: End-of-life treatment of sold products	n/a
	Cat 13: Downstream leased assets	n/a
	Cat 14: Franchises	n/a
	Cat 15: Investments	195
Total Emissions*	838,517	

*Scope 2 Market-based

Progress against targets

Direct emissions reductions (decarbonization) will be prioritised and all residual emissions will be neutralized (if applicable) in line with SBTi criteria before reaching net-zero emissions.

Scope 1 and 2

Scope 1 and scope 2 (market based) emissions decreased by 1.2% in 2023 compared with the 2022 base year. The decrease was driven by a reduction in total electricity and fuel consumption in part due to energy efficiency actions. Although the decrease is below the average decline line required to reach a 42% decrease by 2030, we do expect emissions to reduce in a more stepped pattern as procurement of renewable energy certificates (RECS) and larger scale emissions reduction initiatives are implemented.



Scope 3

Scope 3 emissions decreased by 8.2% in 2023 compared with the 2022 base year which is ahead of the average annual decline rate of 3.5% required to meet the 25% reduction by 2030. Although this is a very positive start, it should be noted that as the company has less direct impact on these emissions, the pathway to a 25% reduction may be more volatile. The biggest reductions year on year were seen in Categories 4 and 9 (Upstream and Downstream transportation and distribution).